

RECEIVED  
2004  
04 JUL -7

**Innis Community Health Center, Inc.**  
**Annual Financial Statements**  
**Years ended October 31, 2003 and 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-16-04

## Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1 - 2
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3 - 4
 <b>Basic Financial Statements</b>	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 12
 <b>Single Audit Information</b>	
Schedule of Expenditures of Federal Awards	13
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	14-15
Schedule of Findings & Questioned Costs	16

**W. Kathleen Beard**  
**Certified Public Accountant**  
**10191 Bueche Road**  
**Erwinville, Louisiana 70729**  
**(225) 627-4537 FAX (225) 627-4584**

Member: AICPA  
Louisiana Society of CPAs

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Innis Community Health Center, Inc.

I have audited the accompanying statements of financial position of Innis Community Health Center, Inc. (a nonprofit organization) as of October 31, 2003, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Innis Community Health Center's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Innis Community Health Center, Inc. as of October 31, 2003 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated May 9, 2004, on my consideration of Innis Community Health Center's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audits were performed for the purpose of forming an opinion on the basic financial statements of Innis Community Health Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



W. Kathleen Beard  
Certified Public Accountant  
May 26, 2004

**W. Kathleen Beard**  
**Certified Public Accountant**  
**10191 Bueche Road**  
**Erwinville, Louisiana 70729**  
**(225) 627-4537 FAX (225) 627-4584**

Member: AICPA  
Louisiana Society of CPAs

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Innis Community Health Center, Inc.

I have audited the financial statements of Innis Community Health Center, Inc. (a nonprofit organization) as of and for the year ended October 31, 2003, and have issued my report thereon dated May 26, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Innis Community Health Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. I noted certain immaterial instances of noncompliance which I have reported to management of Innis Community Health Center in a separate letter to management. Standards.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Innis Community Health Center, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management, others within the organization and federal awarding agencies and pass-through entities and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "W. Kathleen Beard". The signature is written in a cursive, flowing style.

W. Kathleen Beard, CPA

May 26, 2004

## **Basic Financial Statements**

**Innis Community Health Center, Inc.**  
**Statements of Financial Position**  
**October 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets:</b>		
Current Assets:		
Cash and cash equivalents	\$36,715	\$5,895
Patient accounts receivable (net)	106,304	180,201
Grant funds receivable	40,684	0
Prepaid expenses	7,236	0
	-----	-----
Total Current Assets	190,938	186,096
Property and equipment (net of accumulated depreciation)	99,526	91,481
	-----	-----
Total Assets	\$290,464	\$277,577
	=====	=====
 <b>Liabilities and Net Assets:</b>		
Current Liabilities:		
Accounts Payable	18,600	24,645
Payroll liabilities	1,113	4,776
Accrued salaries	6,779	5,245
Compensated absences payable	5,557	0
Deferred grant revenue	0	11,863
Due to Pointe Coupee General Hospital	70,228	76,006
Current portion long-term debt	0	945
	-----	-----
Total Current Liabilities	102,278	123,478
Long-term Liabilities: Less Current Portion	0	1,226
	-----	-----
Total Liabilities	102,278	124,705
 <b>Net Assets:</b>		
Unrestricted	188,186	152,872
	-----	-----
Total Net Assets	188,186	152,872
	-----	-----
Total Liabilities & Net Assets	\$290,464	\$277,577
	=====	=====

The accompanying notes are an integral part of these financial statements.

**Innis Community Health Center, Inc.**  
**Statements of Activities**  
For the years ended October 31, 2003 and 2002

	2003	2002
<b>Unrestricted revenues and gains</b>		
Net patient service revenue	\$415,585	\$362,351
On call medical services	11,687	6,971
Medicaid managed care fees	20,997	4,932
Medicaid audit increases	41,014	0
Contributions	0	2,000
Other revenue	9,213	2,399
Federal financial assistance	316,912	219,662
	-----	-----
Total unrestricted revenues and gains	815,409	598,316
<b>Expenses</b>		
Employee compensation and benefits	418,364	301,260
Occupancy and other rents	38,216	37,671
Purchased services	120,064	113,924
Supplies	53,482	39,903
Depreciation	16,750	11,213
Insurance	23,751	17,494
Travel, education and training	17,936	18,313
License and fees	2,443	385
Postage	1,559	299
Dues and subscriptions	4,942	6,868
Meetings expense	4,730	3,167
Medical records	5,084	0
Interest expense	380	0
Other	334	1,587
	-----	-----
Total expenses	708,033	552,084
Loss from uncollectible accounts receivable	72,062	0
	-----	-----
Total expenses and losses	780,095	552,084
	-----	-----
<b>Increase in unestricted net assets</b>	<b>\$35,314</b>	<b>\$46,232</b>
Net Assets, Beginning of Year	152,872	106,640
	-----	-----
Net Assets, End of Year	<b>\$188,186</b>	<b>\$152,872</b>
	=====	=====

The accompanying notes are an integral part of these financial statements.

**Innis Community Health Center, Inc.**  
**Statements of Cash Flow**  
For the years ended October 31, 2003 and 2002

	2003	2002
<b>Cash flows from operating activities:</b>		
Cash received from patients and thrid party payors	\$499,384	\$252,987
Cash received from grants and contributions	264,366	433,413
Cash payments to employees	(358,582)	(280,301)
Cash payments to suppliers	(342,553)	(235,638)
	-----	-----
Cash provided by (used by) operating activities	62,615	170,461
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(24,794)	(88,032)
	-----	-----
Cash used for investing activities	(24,794)	(88,032)
<b>Cash flows from financing activities:</b>		
Proceeds from Pointe Coupee General Hospital	71,877	155,681
Repayments to Pointe Coupee General Hospital	(81,049)	(248,671)
Proceeds from GE Capital	0	2,171
Repayment to GE Capital	2,171	0
	-----	-----
Cash provided by (used by) investing activities	(7,001)	(90,819)
	-----	-----
Net Increase (Decrease) in Cash	30,820	(8,390)
Cash and cash equivalents, Beginning of Year	5,895	14,285
	-----	-----
<b>Cash and cash equivalents, End of Year</b>	<b>\$36,715</b>	<b>\$5,895</b>
	=====	=====
<b>Reconciliation of Change in Net Assets to Net Cash Flows</b>		
<b>from Operating Activities:</b>		
Change in Net Assets	35,314	46,232
Adjustments to reconcile change in net assets to net cash provided		
by operating activities:		
Depreciation	16,750	11,213
(Increase) Decrease in:		
Accounts receivables (net of allowance account)	73,897	(116,634)
Grant funds receivable	(40,684)	199,888
Prepaid expenses	(7,236)	0
Increase (Decrease) in:		
Accounts payable	(6,045)	21,498
Payroll liabilities	(3,663)	1,526
Accrued salaries	1,534	(5,124)
Deferred grant revenue	(11,863)	11,863
Compensated absences payable	5,557	0
Current portion long-term debt	(945)	0
	-----	-----
	\$62,615	\$170,461
	=====	=====

The accompanying notes are an integral part of these financial statements

## **INTRODUCTION**

The Innis Community Health Center, Inc. "the Innis Health Center" was incorporated as a Louisiana nonprofit corporation in 1999, operations began in June 2001. The Innis Health Center is located in the northern part of Pointe Coupee Parish in the Village of Innis, Louisiana.

The mission of Innis Health Center is to provide primary healthcare services to area communities in need of preventive and affordable health care in a prudent and efficient manner, with a caring attitude, regardless of ability to pay.

The vision of Innis Community Health Center is, through community collaboration and partnership, to develop and promote supportive healthcare services to all people who are medically underserved, in order that they may experience all the rights, privileges and responsibilities as members of this community. In addition the Center will assist the communities of Pointe Coupee and Avoyelles Parishes to achieve their greatest potential to live healthy and purposeful lives. The Center will provide health education, family support and community resources in assisting them to take responsibility for their health status.

### **A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting** - The financial statements of Innis Health Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Cash and cash equivalents** - For purposes of the Statements of Cash Flows, the Innis Health Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Comparative financial information** - The financial statements include prior-year comparative information.

**Deferred revenue** - Income from grant funding is deferred and recognized over the periods to which the funds were earned, on a pro-rata basis over the budget period of the grant.

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Income tax status** - Innis Health Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Patient accounts receivable, net** - Receivables from patient care services are recorded net of allowances for doubtful accounts. At October 31, 2003 the balance of the allowance account was \$72,061 and at October 31, 2002 was \$138,692.

**Property and equipment** - All acquisitions of property and equipment in excess of \$500 and all expenditures that materially increase values, change capabilities, or extend useful lives of assets are capitalized. Routine maintenance, repairs and minor equipment replacement costs are charged against operations.

Property and equipment are carried at cost. Donated property and equipment are carried at approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Useful lives, generally 3 to 10 years, are assigned as recommended in the American Hospital Association publication *Estimated Useful Lives of Depreciable Hospital Assets*, revised 1998 edition.

**Other revenue** - Other revenue is derived from services other than providing health care services to patients. These primarily include Medicaid community care fees, fees for providing medical records, Medicaid and Medicare adjustments, etc.

**B. NET PATIENT SERVICE REVENUE**

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

Net patient service revenue consisted of the following components during the years ended October 31, 2003 and October 31, 2002:

	2003	2002
Gross patient service charges	\$ 617,201	\$ 513,905
Less: Contractual adjustments	( 143,237)	( 107,209)
Less: Voluntary free care	<u>( 58,379)</u>	<u>( 44,345)</u>
Net patient service revenue	<u>\$ 415,585</u>	<u>\$ 362,351</u>

Innis Community Health Center, Inc.  
Notes to Financial Statements  
October 31, 2003 and 2002

**C. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at October 31, 2003 and October 31, 2002:

	2003	2002
Major movable equipment	\$ 90,125	\$ 69,820
Leasehold improvements	<u>38,173</u>	<u>33,683</u>
Total	\$ 128,298	103,503
Less: Accumulated depreciation	<u>( 28,772)</u>	<u>( 12,022)</u>
Property and equipment, net	<u><u>\$ 99,526</u></u>	<u><u>\$ 91,481</u></u>

**D. LONG-TERM DEBT**

Long-term debt at October 31, 2003 and October 31, 2002 consisted of the following:

Installment agreement with GE Capital for the purchase of a telephone system with monthly payments of \$125.39 (including \$8 insurance charge) for at term of 24 months, with interest charged at the rate of 26.38%. The debt was paid in 2003.

	2003	2002
Total long-term debt	\$ 0	\$ 2,171
Less: Current portion	<u>0</u>	<u>( 945)</u>
Total	<u><u>\$ 0</u></u>	<u><u>\$ 1,226</u></u>

**E. POINTE COUPEE GENERAL HOSPITAL**

Pointe Coupee General Hospital provided interest free funding to Innis Health Center in the initial stages of development and continues to financially supplement the Center on an limited basis. Innis Health Center maintains a separate and independent governing body, executive director and staff. As of October 31, 2003 and 2002 the amount due to Pointe Coupee General Hospital was \$70,228 and \$76,006 respectively. The total amount advanced to Innis Health Center (including expenses paid on behalf of the Center) for the year ending October 31, 2003 and October 31, 2002 was \$71,877 and \$155,681, respectively.

**F. OPERATING LEASES**

Operating Leases - Innis Health Center leases equipment and facilities under operating leases. Total rental expense in 2003 and 2002 was \$13,488 and \$14,282, respectively.

On July 1, 2001 Innis Health Center entered into a lease agreement with Pointe Coupee Health Service District #1, for the rental of facility space with payments of \$1,000 per month for a term of 5 years. Either party can terminate the lease in writing.

Innis Health Center also leases a copy machine with monthly lease payments of \$108 per month and other equipment with varying monthly rental payments depending on usage.

**G. CONCENTRATIONS OF CREDIT RISK**

Innis Health Center grants credit without collateral to its patients, most of whom are local residents of the geographic area and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors at October 31, 2003 and 2002 was as follows:

	2003	2002
Medicare	25%	47%
Medicaid	35%	26%
Commercial Insurance	25%	21%
Self pay	<u>15%</u>	<u>6%</u>
	<u>100%</u>	<u>100%</u>

#### H. TAX DEFERRED ANNUITY PLAN

Innis Health Center participates in a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue code if they wish. The employer makes no matching contribution.

#### I. CONTINGENCIES

Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against Innis Health Center for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise for such audits since the amounts, if any, cannot be terminated at this date.

#### J. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the years ended October 31, 2003 and October 31, 2002 were as follows:

	2003	2002
Expenses:		
Program services		
Medical	\$ 410,733	\$ 269,871
Dental	25,068	10,160
Supporting services		
Management and general	<u>272,232</u>	<u>265,082</u>
Totals	<u>\$ 708,033</u>	<u>\$ 545,113</u>

## **Single Audit Information**

**Innis Community Health Center, Inc.**  
**Schedule of Expenditures of Federal Awards For the**  
**Years ended October 31, 2003 and 2002**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services	93.224	\$264,366 =====

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Innis Community Health Center, Inc.. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Reconciliation with basic financial statements:

Grant Award - \$481,335 Grant Drawdowns - \$49,922  
Grant Budget Period - September 1, 2001 through February 28, 2003

Grant Award - \$387,691 Grant Drawdowns - \$214,444  
Grant Budget Period - March 1, 2004 through February 29, 2004

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Grant funds received/expended	\$ 264,366 =====	\$ 431,413 =====	\$ 0 =====

Grant revenue/expense recognized in financial statements -

Initial draw down	\$ 0	\$ 34,310	\$168,996
Monthly pro-rata allocation	<u>316,912</u>	<u>185,353</u>	<u>30,892</u>
Total recognized	\$ 316,912	\$ 219,662	\$ 199,888
Deferred (unearned) grant revenue	<u>0</u>	<u>11,863</u>	<u>0</u>
Total Received	<u>\$ 316,912</u>	<u>\$ 231,525</u>	<u>\$ 199,888</u>

**W. Kathleen Beard**  
**Certified Public Accountant**  
**10191 Bueche Road**  
**Erwinville, Louisiana 70729**  
**(225) 627-4537 FAX (225) 627-4584**

Member: AICPA  
Louisiana Society of CPAs

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Innis Community Health Center, Inc.

Compliance

I have audited the compliance of Innis Community Health Center, Inc. (a nonprofit organization) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the years ended October 31, 2003. Innis Community Health Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of ABC Organization's management. Our responsibility is to express an opinion on ABC Organization's compliance based on my audits.

I conducted my audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Innis Community Health Center's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Innis Community Health Center's compliance with those requirements.

In my opinion, Innis Community Health Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 2003.

## Internal Control Over Compliance

The management of Innis Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Innis Community Health Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

*My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.*

This report is intended solely for the information and use of management, others within the organization and federal awarding agencies and pass-through entities, and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



W. Kathleen Beard  
Certified Public Accountant  
May 26, 2004

**Innis Community Health Center, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended October 31, 2003**

**A. Summary of Audit Results**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Innis Community Health Center, Inc..
2. No reportable conditions were disclosed during the audit of the basic financial statements in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Innis Community Health Center, Inc. were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for Innis Community Health Center, Inc. expresses an unqualified opinion on all major federal programs.
5. The program tested as major program included: Community Health Centers CFDA 93.224 (Sole award)
6. Innis Community Health Center, Inc. was determined not to be a low risk auditee.

**B. Findings - Financial Statements Audit**

There were no findings.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

There were no finding and questioned costs.

**D. Management Letter**

Inmaterial noncompliance with laws and regulations

**E. Prior Year Findings**

There were no prior year findings and questioned costs.

**W. Kathleen Beard**  
**Certified Public Accountant**  
**10191 Bueche Road**  
**Erwinville, Louisiana 70729**  
**Telephone: (225) 627-4537 FAX (225) 627-4584**  
**Email Kbeardcpa@aol.com**

*Member: AICPA  
Society of Louisiana CPAs*

### **Management Letter**

May 26, 2004

To Management and the  
Board of Directors  
Innis Community Health Center, Inc.

In planning and performing my audit of the financial statements of Innis Community Health Center, Inc. for the year ended October 31, 2003, I considered the Center's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency and an instance of immaterial noncompliance with laws and regulations. This letter does not affect my report dated May 26, 2004, on the financial statements of Innis Community Health Center, Inc.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various Center personnel, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. My comments are summarized as follows:

#### Compliance:

The audit of the financial statements is required to be completed and submitted to the Office of the Legislative Auditor of the State of Louisiana within six months of the close of the fiscal year. For the fiscal year ending October 31, 2003 the audit was due by April 30, 2004. This audit will not be submitted until the end of May, therefore the audit is late. To ensure the audit is completed by the six month deadline, audit information should be made available to the auditor on a timely basis. It was agreed in the engagement letter that audit information would be available by December 1, 2003, it was provided on January 21, 2004. A list of additional information was submitted on February 25, 2004, that information was not provided until April 21, 2004. Completion of the audit and knowledge of adjustments to the financial statements would be beneficial to preparation and accuracy of other required reports.

I wish to thank the executive director, chief financial officer and staff for their support and assistance during my audit.

This report is intended solely for information and use of the Board of Directors, management and others within the organization , federal cognizant agency and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "W. Kathleen Beard". The signature is written in black ink and is positioned above the printed name and title.

W. Kathleen Beard  
Certified Public Accountant



# INNIS COMMUNITY HEALTH CENTER

---

P.O. Box 889  
6450 LA HIGHWAY 1, SUITE B  
INNIS, LA 70747

May 27, 2004

Mrs. Kathleen Beard, CPA  
10191 Bueche Road  
Erwinville, LA 70729

Dear Mrs. Beard:

This letter is written to respond to your Management letter to the Innis Community Health Center Board of Directors concluding the audit for the year ended October 31, 2003. You indicated in the Finance Meeting of May 26, 2004, where we reviewed with you the audit of 2003, that our organization was not in compliance with meeting the filing date for the audit which is set forth by the Legislative Auditor of the State of Louisiana. The requirement specifically indicates the filing should be completed within 6 months of the close of the fiscal year. I regret that compliance was not achieved on schedule and have the reviewed with the Board of Directors and the Director of Finance the various reasons that caused that non-compliance. The timing of various reports such as the Medicare & Medicaid Cost reports due 5 months after year end, preparation of the HRSA Uniform Data Management System report due Feb 15<sup>th</sup> coupled with the sharing of the Director of Finance position with Southwest Primary Care Center which also had these reports due and was going through an audit cycle created difficulties in meeting established target dates of getting information to you as your plan requested. It is not my intent to make excuses however I did want to clarify the demands placed on this position of director of Finance.

Our action plan is currently being developed in conjunction with the Director of Finance to plan more effectively to meet the deadlines of these various reports for next year's cycle. It is our goal to remain compliant with the requirements by the Office of the Legislative Auditor. You have my commitment to improve this for the coming year.

Sincerely,

Linda Matessino, RN, MPH  
Executive Director

Cc: Mrs. Juliet Williams, President Board of Directors  
Mr. Donald Ewing, Chairman, Board Finance Committee